

AMPHO

Association of Montana Public Health Officials

March 30, 2009



BUSINESS & LABOR

EXHIBIT NO. 2

DATE 4-2-09

BILL NO. HB 331

PublicHealth
Prevent. Promote. Protect.

To: Chairman Joe Balyeat and members of the Senate Business, Labor, and Economic Affairs Committee

From: The Association of Montana Public Health Officials (AMPHO)

Regarding: H.B. 331--Clarifications regarding 3/27/09 Executive Action statements

Thank you for your consideration of the following points which have been developed in response to discussion during executive action on H.B. 331—the licensed establishment legislation. As you heard during our testimony on the bill, this is the top priority legislation for local public health departments across our state.

We would like to reiterate our support for Senator Jim Peterson's amendment, and thank him for bringing it forward. This is a reasonable compromise, which was suggested to us by members of the industry. This compromise requires a tiered fee schedule, establishes limits to fees set by rule, disallows indirect costs; and provides a phase-in period.

Food Safety Task Force

As Greg Petesch has stated in his memo, it is **NOT** correct that the Food Safety Task Force should have been convened prior to HB 331 being introduced. AMPHO requested this legislation, not DPHHS, and **entities outside the executive branch are not required by law to go through an executive branch agency in order to petition the legislative branch.**

However, once the rule-making process begins (with the passage of HB 331), the Food Safety Task Force will be convened for the purpose of determining an equitable fee structure.

There have been several attempts to address the license fee issue during previous years:

Year	Event	Result
1996	<u>Legislative Audit</u> recommends equitable fee system and estimates that fees cover only 35% of cost, reports that license fees should carry the majority of costs.	DPHHS refuses local requests to propose or support legislation in subsequent Sessions.
2001	Failed local bill to create tiered fee system. Industry opposes all increases.	Local tax subsidy increases to average of 70% of cost to comply with mandate.
2001	Failed consensus council requested by locals. No consensus bill results.	No relief from dropping reimbursement levels.
2003	A bill passes that does not address equity overall nor lion's share of local taxpayers' costs. Keeps one-size-fee except for 1-2 employee places, spreads an increase over 3 years for food fees—which are majority of licenses and largest source of program costs—and does not raise motel, campground or trailer park fees.	Reimbursement levels drop to 25%; conversely local tax subsidies increase to 75% of cost by 2008.

Ability to calculate local costs

Local health jurisdictions **regularly** account for local costs for specific activities in order for their local boards to set fees such as septic permit fees. AMPHO's survey of local costs for food license inspection program costs readily resulted in 38 completed county surveys. Senator Peterson's amendments, allowing only specific direct costs, will make this accounting even more uniform.

Local tax dollars

Contrary to the assertion that these fees would result in a "tax increase" the opposite is actually true. The current fees continually result in increasing and diverting local property taxes in order to pay for the inspections. In fact, since the Legislative Audit of 1996 recommended an equitable fee schedule and reported on the size of the local tax subsidy, that local tax subsidy has grown from covering 65% of the costs to conduct this state mandate to 75% in 2008. **This represents over \$2 million in local taxpayer dollars that are being spent annually to cover the difference between the costs of the program and the fees generated to pay for this mandate.**

Members of the committee, we respectfully request the committee reconsider its previous action to table this important legislation.

For further clarification on any of these points, please contact one of the following:

- Linda Stoll, AMPHO Lobbyist (443-9070); Phanopepla@aol.com
- Ellen Leahy, Co-Chair, AMPHO Legislative Committee (258-4770 or 258-3882); leahye@ho.missoula.mt.us